BOOK DEPARTMENT

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Accounting, Auditing and Cost Keeping

Church, A. Hamilton. *Manufacturing Costs and Accounts.* Pp. viii, 452. Price, $5.00. New York: McGraw-Hill Book Company, 1917.

In this scholarly and complete treatise Mr. Church has set forth most of the fundamentals of cost accounting, and has given a complete outline of his well-known supplementary rate method of distributing overhead expense. The book is divided into three parts: part one is devoted to a general outline of manufacturing accounts; part two describes the mechanism of cost accounting, while part three treats of factory reports and returns, embracing reports for foremen, superintendents and executives.

The author has reduced all cost methods to three which he calls A, B, and C, respectively. He points out that method A will give accurate results if wages are uniform throughout the shop, and method B will take its place if wages or earnings per hour are not uniform. Method C is based upon the author's theory that departmentalization is the key to accuracy in cost accounting, and that the particular merit of method C lies in the fact that it carries the principle of departmentalization as far as the production centers themselves, *i.e.* to the ultimate limit possible.

Some question may be raised as to the wisdom of attempting to teach or explain the theory of double entry bookkeeping in the small amount of space allotted to this subject by the author in part one. In these days when the accounting profession is trying to establish a satisfactory terminology it is decidedly confusing to the average student to encounter the distinctions that the author makes between journals and books of original entry. One cannot but feel that it would have been better had the author adhered to modern accounting practice, insofar as it has been standardized, for the illustrations he uses to describe his cash journal.

The author comes in variance with the usual accounting practice in his treatment of the division of administration expense and the deduction of depreciation from the asset instead of creating reserve accounts. In his chapter on the inclusion of interest in cost, the author has established himself in favor of including interest and has outlined methods for treating interest as an element of cost in what he terms ordinary and "hard times."

The book is a notable addition to a library on cost accounting, and to the student who is well grounded in the basic principles of accounting it will prove of considerable value in treating of cost accounts.

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